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October 22, 2004

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PUBLIC SERVICE
COMMISSION

REGULAR MAIL AND FACSIMILE (502) 564-7279

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: *Application of Louisville Gas and Electric Company for an Adjustment of its Gas and Electric Rates, Terms and Conditions*
Case No. 2003-00433

Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, Terms and Conditions
Case No. 2003-00434

Dear Ms. O'Donnell:

Following the informal conference yesterday, I have now read the Attorney General's Motion To Set Aside Rate Determinations. The motion makes the extraordinarily serious allegation that the Rate Cases are so tainted that the rate determination must be set aside and the Commissioners and staff must be recused from further participation. Yet, the Attorney General's motion does not offer even a scintilla of evidence in support of the motion.

While the Attorney General claims his investigation is incomplete, his motion infers he presently possesses evidence warranting the extraordinary relief he seeks. Fundamental fairness requires the Attorney General to provide that evidence to the Commission before the Commission rules on the motion.

Accordingly, in connection with the order the Commission entered this afternoon confirming the procedural schedule for ruling on the motion, Louisville Gas and Electric Company and Kentucky Utilities Company request the Commission amend the order to direct the Attorney General to file any evidence the Attorney General has which supports his motion – or file a statement with the Commission that the Attorney General's Office does not have any such evidence – within three business days after today.

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The Attorney General has acknowledged the he is required by KRS 367.250 to keep confidential the information he has obtained in his investigation, and that he may therefore share the information with the Commission only on a confidential basis pursuant to the law enforcement exception. LG&E and KU respectfully suggest that it is appropriate for the Attorney General initially to provide any evidence to the Commission on a confidential basis pursuant to KRS 367.250, but reserve the right of access to any such evidence if the Commission determines the evidence is probative of the allegations made by the Attorney General in his motion.

Very truly yours,



Kendrick R. Riggs

KRR/ec

Enclosures

cc: Parties of Record